

Government of the District of Columbia  
Department of Housing and Community Development



| Underwriting Standards: First Right Purchase Program  |   |
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| These are the DHCD underwriting guidelines for loans made under the First Right Purchase Program. These guidelines are subject to case by case underwriting analysis. The Department may consider making adjustments to these guidelines based on that analysis, including loan modifications for projects in distress. |   |
| Minimum Upfront Equity  | Minimum \$500 contribution to the tenants' association by each household committed to live in the building/community.   |
| Max LTV   | 100% acquisition/90% post-rehab appraised value   |
| DCR   | 1.10x   |
| Income to Expense Ratio   | 1.05:1  |
| Pre-sales   | If a condo/co-op the substantial majority (50% plus 1) of the existing tenants must sign nonbinding pre-sales agreements. All existing tenants that wish to be accommodated shall be accommodated.          |
| Minimum Release Prices  | 100% of loan amount per unit adjusted for level of affordability (Condos only)  |
| Maximum Loan Term: Construction   | 36 Months   |
| Maximum Loan Term: Permanent  | Up to 40 years depending on funding source  |
| Amortization  | Up to 40 Years. Cash flow loans may be considered on a case-by-case basis.  |
| Maximum Interest Only Period  | The earlier of 7 Years or until Debt Service Coverage Ratio reached 1.30x   |
| Interest Rate   | Varied: During Construction: 50 basis points up to two percent below the Lead Lender's rate; Permanent: 1% to 9% (per statute)  |
| Funding   | 100% of DHCD loan proceeds may be advanced ahead of first lien holder proceeds.   |
| Maximum DHCD Loan Amount per Project/Guarantee/Guarantee Shortfall amount   | \$7,000,000   |
| Maximum Percentage of total development cost subsidized by DHCD   | 49%   |
| Minimum Number of Affordable Units Per Project:   | Min. of 60% of the units up to 80% of AMI. The remaining units will be affordable to no greater than 120% of AMI.   |
| Minimum Reserve Requirements  | \$400/unit to include Debt Service Reserves   |
| Maximum Developer's Fee Allowable   | Up to 10% of total development cost (of which 20% will be disbursed at acquisition, 10% at construction commencement, 20% at 50% completion, 40% at construction completion, 10% at property stabilization) |
| Other Requirements  | See Attachment: "Tenant Purchase Requirements at the time of Application"   |